Financial Statements of

Decisive Dividend Corporation

For the six months ended June 30, 2022

Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

		June 30, 2022	December 31, 2021
Assets			
Cash	$	**1,810**	$ 2,143
Accounts receivable		**13,495**	10,646
Inventory		**14,180**	10,106
Prepaid expenses and deposits		**1,098**	988
Total current assets		**30,583**	23,883
Property and equipment		**8,962**	7,586
Intangible assets		**15,915**	10,129
Goodwill		**22,574**	18,699
Total assets	$	**78,034**	$ 60,297
Liabilities			
Accounts payable and accrued liabilities	$	**11,421**	$ 8,841
Dividends payable (note 8)		**378**	302
Warranty provision		**529**	496
Customer deposits		**889**	363
Current portion of lease obligations (note 5)		**1,123**	1,128
Total current liabilities		**14,340**	11,130
Lease obligations (note 5)		**2,652**	1,533
Long-term debt (note 6)		**32,944**	22,590
Deferred income taxes		**4,476**	2,822
Total liabilities		**54,412**	38,075
Equity			
Share capital (note 7)		**35,043**	32,818
Contributed surplus		**1,096**	1,282
Cumulative profit		**4,181**	2,785
Cumulative dividends (note 8)		**(17,161)**	(15,117)
		23,159	21,768
Accumulated other comprehensive income		**463**	454
Total equity		**23,622**	22,222
Total liabilities and equity	$	**78,034**	$ 60,297

Approved on behalf of the Board of Directors:

"James Paterson" Director   *"Michael Conway"* Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated Statements of Profit and Comprehensive Income

(Unaudited - Expressed in thousands of Canadian dollars, except per share amounts)

	For the Three Months Ended		For the Six Months Ended	
June 30,	**2022**	2021	**2022**	2021
Sales (note 9)	**$ 23,189**	$ 14,194	**$ 41,878**	$ 28,139
Manufacturing costs (note 10)	**15,433**	8,882	**27,924**	17,670
Gross profit	**7,756**	5,312	**13,954**	10,469
Expenses				
Amortization and depreciation	**795**	535	**1,335**	1,077
Financing costs (note 11)	**657**	530	**1,112**	1,050
Occupancy costs	**330**	7	**644**	219
Professional fees	**460**	149	**667**	264
Salaries, wages and benefits	**3,180**	2,013	**5,773**	4,175
Selling, general and administration	**1,393**	999	**2,577**	1,999
	6,815	4,233	**12,108**	8,784
Operating profit	**941**	1,079	**1,846**	1,685
Other items				
Interest income	**4**	5	**8**	3
Foreign exchange gains (losses)	**291**	(207)	**197**	(341)
Gain on sale of equipment	**9**	-	**9**	15
	304	(202)	**214**	(323)
Profit before income taxes	**1,245**	877	**2,060**	1,362
Income taxes				
Current expense	**439**	378	**763**	698
Deferred recovery	**(78)**	(98)	**(99)**	(211)
	361	280	**664**	487
Profit	**$ 884**	$ 597	**$ 1,396**	$ 875
Other comprehensive income				
Foreign operation currency translation differences	**36**	35	**9**	143
Total comprehensive income	**$ 920**	$ 632	**$ 1,405**	$ 1,018
Profit per share				
Basic	**0.07**	0.05	**0.11**	0.07
Diluted	**0.07**	0.05	**0.11**	0.07
Weighted average number of shares outstanding (000s):				
Basic	**12,509**	11,885	**12,331**	11,814
Diluted	**13,144**	12,406	**12,935**	12,316

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

For the Six Months Ended June 30, 2022 and 2021	Share Capital Number (000s)	Share Capital Amount	Contributed Surplus	Deficit Cumulative Dividends	Deficit Cumulative Profit (loss)	Accumulated Other Comprehensive Income (loss)	Total Equity
Balance, January 1, 2021	11,633	$ 31,545	$ 1,609	$ (12,656)	$ 503	$ 267	$ 21,268
Shares issued under ESPP	62	168	36	-	-	-	204
Shares issued under DRIP	16	52	-	-	-	-	52
Exercise of stock options	140	270	(77)	-	-	-	193
Redemption of RSUs and DSUs	108	404	(404)	-	-	-	-
Share-based payment awards	-	-	183	-	-	-	183
Total comprehensive income for the period	-	-	-	-	875	143	1,018
Dividends declared (note 8)	-	-	-	(714)	-	-	(714)
Balance, June 30, 2021	11,959	$ 32,439	$ 1,347	$ (13,370)	$ 1,378	$ 410	$ 22,204
Balance, January 1, 2022	12,093	32,818	1,282	(15,117)	2,785	454	22,222
Shares issued under ESPP (note 7)	50	204	33	-	-	-	237
Shares issued under DRIP (note 7)	72	296	-	-	-	-	296
Exercise of stock options (note 7)	152	742	(284)	-	-	-	458
Share-based payment awards (note 7)	-	-	65	-	-	-	65
Shares purchased and cancelled under NCIB (note 7)	(4)	(17)	-	-	-	-	(17)
Shares issued to vendors on business acquisitions (note 7)	235	1,000	-	-	-	-	1,000
Total comprehensive income for the period	-	-	-	-	1,396	9	1,405
Dividends declared (note 8)	-	-	-	(2,044)	-	-	(2,044)
Balance, June 30, 2022	**12,598**	**$ 35,043**	**$ 1,096**	**$ (17,161)**	**$ 4,181**	**$ 463**	**$ 23,622**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian dollars)

	For the Three Months Ended		For the Six Months Ended	
June 30,	**2022**	2021	**2022**	2021
Operating activities				
Profit	**$ 884**	$ 597	**$ 1,396**	$ 875
Adjusted by:				
Amortization and depreciation	**1,140**	891	**2,016**	1,776
Financing costs	**657**	530	**1,112**	1,050
Share-based compensation	**28**	64	**98**	218
Foreign exchange (gains) losses	**(291)**	207	**(197)**	341
Loan forgiveness	**-**	(161)	**-**	(161)
Gain on sale of equipment	**(9)**	-	**(9)**	(15)
Income tax expense	**361**	280	**664**	487
	2,770	2,408	**5,080**	4,571
Changes in non-cash working capital (note 12)	**(1,327)**	(2,279)	**(2,799)**	(711)
	1,443	129	**2,281**	3,860
Income taxes refunded (paid)	**51**	(99)	**(991)**	(988)
Cash provided by operating activities	**1,494**	30	**1,290**	2,872
Financing activities				
Proceeds from issuance of shares	**356**	125	**651**	362
Dividends paid (note 8)	**(889)**	(424)	**(1,678)**	(424)
Proceeds from long-term debt	**9,996**	-	**10,296**	-
Repayment of long-term debt	**-**	(22)	**-**	(47)
Debt issuance costs	**(26)**	-	**(26)**	-
Lease payments	**(305)**	(249)	**(592)**	(501)
Interest paid	**(614)**	(505)	**(1,028)**	(1,000)
Cash provided by (used in) financing activities	**8,518**	(1,075)	**7,623**	(1,610)
Investing activities				
Purchase of Marketing Impact (note 4)	**(8,646)**	-	**(8,646)**	-
Purchase of property and equipment	**(385)**	(748)	**(612)**	(1,119)
Proceeds from sale of property and equipment	**17**	2	**17**	17
Cash used in investing activities	**(9,014)**	(746)	**(9,241)**	(1,102)
Increase (decrease) in cash during the period	**998**	(1,791)	**(328)**	160
Cash, beginning of period	**817**	4,906	**2,143**	2,999
Effect of movements in exchange rates	**(5)**	(25)	**(5)**	(69)
Cash, end of period	**$ 1,810**	$ 3,090	**$ 1,810**	$ 3,090

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to the Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2022 and 2021
(Unaudited - Expressed in thousands of Canadian dollars, except per share amounts)

1. Nature and Operations

Decisive Dividend Corporation (the "Company") was incorporated under the British Columbia Business Corporations Act on October 2, 2012 and is listed on the TSX Venture Exchange, trading under the symbol "DE". The address of the Company's head office is #260 – 1855 Kirschner Road, Kelowna, B.C. V1Y 4N7.

Decisive Dividend Corporation is an acquisition-oriented company, focused on opportunities in manufacturing. The Company's purpose is to be the sought-out choice for exiting legacy-minded business owners, while supporting the long-term success of the businesses acquired, and through that, creating sustainable and growing shareholder returns. The Company uses a disciplined acquisition strategy to identify already profitable, well-established, high quality manufacturing companies that have a sustainable competitive advantage, a focus on non-discretionary products, steady cash flows, growth potential and established, strong leadership.

The principal wholly-owned operating subsidiaries of the Company, as at June 30, 2022, are managed through two reportable segments and were acquired as follows:

Finished Product Segment

- Valley Comfort Systems Inc. and its wholly-owned subsidiary Blaze King Industries Inc. ("Blaze King USA"), collectively referred to herein as "Blaze King"; acquired in February 2015.
- Slimline Manufacturing Ltd. ("Slimline"); acquired in May 2018.
- Marketing Impact Limited ("Marketing Impact"); acquired in April 2022.

Component Manufacturing Segment

- Unicast Inc. ("Unicast"); acquired in June 2016.
- Hawk Machine Works Ltd. ("Hawk"); acquired in June 2018.
- Northside Industries Inc. ("Northside"); acquired in August 2019.

These consolidated financial statements comprise the Company and its subsidiaries, collectively referred to as the "Group". The consolidated financial statements include the results of acquired subsidiaries from their dates of acquisition.

The Group's interim results are impacted by seasonality factors primarily driven by weather patterns in North America, including the impact on heating and planting and harvesting seasons, as well as the timing of ground freeze and thaw in Western Canada and the effect thereof on the oil and gas industry. Blaze King's business historically experiences lower demand in the first and second quarters of the calendar year, Slimline's business historically experiences lower demand in the third and fourth quarters and Hawk's business historically experiences lower demand in the second quarter. Seasonality does not have a significant impact on the Unicast, Northside, or Marketing Impact businesses. In each subsidiary, there are substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term.

2. Basis of Preparation and Statement of Compliance

a) Statement of compliance

These interim condensed consolidated financial statements (the "interim financial statements") for the period ended June 30, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim financial statements were approved by the Audit Committee of the Company for issue on August 11, 2022.

b) Judgments, accounting estimates and assumptions

The preparation of financial statements requires management to make judgments that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

The preparation of financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates.

There were no changes to the Group's critical accounting estimates and judgments from those described in the most recent annual financial statements.

3. Significant Accounting Policies

The significant accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are the same as those disclosed in Note 3 to the Company's 2021 audited consolidated financial statements.

4. Acquisitions

Marketing Impact Limited

On April 14, 2022, the Company acquired all of the shares of Marketing Impact. Marketing Impact, which is in the Greater Toronto Area, designs, manufactures, and distributes a comprehensive range of merchandising products, systems and solutions for retail customers including grocery stores, convenience stores, and pharmacies. It also designs and manufactures displays for consumer-packaged goods customers for use within those same channels.

The Marketing Impact purchase agreement contains negotiated representations, warranties, indemnities and closing conditions. The components of the consideration paid to acquire Marketing Impact are as follows:

Cash	$	9,000
Common shares		1,000
Contingent consideration		600
	$	10,600

The purchase price included a payment of cash, which is subject to customary post-closing adjustments, and the issuance of common shares to the vendors, plus up to an additional $1,500 contingent on Marketing Impact meeting certain earnings targets over the next three years. The contingent consideration recorded by the Company reflects the estimated fair value of the earnings target being met, as at the acquisition date.

The cash portion of the consideration was funded through the Company's revolving term acquisition facility and revolving term operating facility (Note 6). The share portion of the consideration was funded through the issuance of 235,294 common shares to the vendors (note 7).

The preliminary allocation of the purchase price, to the fair value of the assets acquired and liabilities assumed is, as follows:

Cash	$	354
Accounts receivable		2,149
Prepaid expenses and deposits		78
Inventory		1,469
Property and equipment		1,688
Goodwill and intangible assets		10,460
Accounts payable and accrued liabilities		(2,003)
Customer deposits		(416)
Lease obligation		(1,427)
Deferred income taxes		(1,752)
	$	10,600

The Company is still determining the final allocation of the purchase price and expects to complete the allocation in the fourth quarter of 2022. Subsequent adjustments to the purchase price allocation can be recognized if they occur within twelve months of the acquisition date. After twelve months, adjustments are recognized through profit or loss. The adjustments made as a result of finalizing the provisional accounting are retrospectively recognized from the acquisition date

The Group incurred acquisition-related costs of $341 relating to legal fees, accounting fees, and due diligence costs. These costs are included in professional fees in the consolidated statement of profit and comprehensive income.

The consolidated statement of profit includes revenue of $3,225 and profit of $91 for the period from acquisition to June 30, 2022. Had the business combination been effective from January 1, 2022, the Group would have recognized revenue of $6,668 and a loss of ($392) for the six months ended June 30, 2022.

5. Lease Obligations

The Group's right of use assets and associated lease obligations are related to lease commitments for office and shop premises. The maturity dates of the lease obligations are between August 2022 and April 2029. As at June 30, 2022, minimum lease payments required over the next five years were as follows:

For the twelve month periods ending June 30,		**2022**
2023	**$**	**1,279**
2024		**818**
2025		**551**
2026		**401**
2027 and thereafter		**1,224**
		4,273
Less: interest portion		**(498)**
Less: current portion		**(1,123)**
	$	**2,652**

6. Long-term Debt

	Interest Rate	Maturity Date		Authorized		**June 30, 2022 Outstanding**		December 31, 2021 Outstanding
Revolving term operating facility	P+1.00%	Oct-24	$	8,000	**$**	**5,348**	$	2,052
Revolving term acquisition facility	P+3.00%	Oct-24		7,000		**7,000**		-
Non-amortizing term loan	6.25%	Oct-24		21,000		**21,000**		21,000
						33,348		23,052
Less: debt issuance costs						**(404)**		(462)
Total long-term debt					**$**	**32,944**	$	22,590

"P" in the table above denotes prime rate

The Company has a credit agreement in place with its senior lenders, Canadian Western Bank and CWB Maxium Financial Inc., a wholly-owned division of Canadian Western Bank, which provides for the revolving term operating facility, revolving term acquisition facility and non-amortizing term loan outlined in the table above. There are no required principal payments on these three facilities for the committed three-year term of this credit agreement, which also provides for annual extension provisions.

The Company's ability to access the revolving term operating facility is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. The revolving term acquisition facility is available to the Company for acquisition purposes. Standby fees of 0.25% per annum are paid quarterly on the unused portion of the revolving term facilities.

The credit facilities with the Company's senior lenders are collectively secured by a general security agreement, assignment of insurance, and unlimited corporate cross guarantees. Additionally, the Group has agreed to maintain the following ratios (as defined in the credit agreement) on a consolidated trailing twelve-month basis, otherwise outstanding facilities are due on demand:

- Maximum total funded debt to adjusted EBITDA of 4.00:1
- Maximum total senior funded debt to adjusted EBITDA of 3.25:1
- Minimum fixed charge coverage ratio of 1.10:1

As at June 30, 2022, the Company was in compliance with these ratios.

7. Share Capital

a) Shares issued and outstanding

	Shares (000s)		Amount
Balance as at, January 1, 2022	12,093	$	32,818
Shares issued under ESPP	50		204
Shares issued under DRIP	72		296
Exercise of stock options	152		742
Shares purchased and cancelled under NCIB	(4)		(17)
Shares issued to vendors on business acquisitions	235		1,000
Balance as at June 30, 2022	**12,598**	**$**	**35,043**

The Company had the following share capital transactions for the six months ended June 30, 2022:

(i) The Company issued 50,091 common shares pursuant to the employee share purchase plan (the "ESPP").

(ii) The Company issued 72,336 common shares pursuant to the dividend reinvestment and cash purchase plan (the "DRIP")

(iii) The Company issued 151,834 common shares on the exercise of stock options.

(iv) The Company purchased and cancelled 4,175 common shares pursuant to its normal course issuer bid (the "NCIB").

(v) As part of the consideration paid for the acquisition of Marketing Impact (note 4), on April 14, 2022, the Company issued 235,294 common shares to the vendors of Marketing Impact at a price of $4.25 per share.

Common shares that remain in escrow are as follows:

In (000s)	**June 30, 2022**	December 31, 2021
In relation to the acquisition of:		
Northside	**106**	106
Marketing Impact	**235**	-
	341	106

b) Equity Incentives

The Company has an equity incentive plan for the purpose of developing the interest of directors, officers and employees in the growth and development of the Company and its subsidiaries, by providing them with the opportunity, through equity awards, to obtain an increased effective interest in the Company.

The equity incentive plan enables the Company to grant deferred share units ("DSUs"), restricted share units ("RSUs") and stock options to the directors, officers, and employees of the Company or any of its affiliates. Under the plan, the aggregate of all stock option grants cannot exceed 10% of the issued and outstanding common shares of the Company, while limits on DSU and RSU grants require disinterested shareholder approval annually. Currently there are no DSUs or RSUs outstanding under the equity incentive plan.

The Company had granted stock options to various directors, officers, and employees of the Group as follows:

Stock Options	**Number of options (000s)**	**Weighted average exercise price ($)**	**Weighted average grant date fair value ($)**	**Weighted average years remaining**
Outstanding and exercisable, January 1, 2021	1,118	$ 3.16	$ 1.07	8.60
Options issued	120	3.19	0.59	-
Options exercised	(208)	1.38	0.55	-
Options expired	(80)	4.10	0.92	-
Outstanding and exercisable, January 1 2022	950	$ 3.48	$ 1.14	6.23
Options issued	115	4.09	0.74	-
Options exercised	(152)	3.01	1.87	-
Options expired	(3)	3.65	0.38	-
Outstanding and exercisable, June 30, 2022	**910**	**$ 3.63**	**$ 0.97**	**6.57**

In 2022, the Company recorded $65 of share-based compensation expense related to stock options. This share-based compensation expense represents the estimated fair value of stock options granted, amortized over the options' vesting periods. To value the options granted in 2022, the Company used the Black-Scholes option–pricing model with the following assumptions: dividend yields of 7.4% to 8.4%; expected volatility of 40%; risk-free interest rates of 1.9% to 2.7%; forfeiture rates of 0%; market prices of $4.06, $4.30, and $4.50, and weighted average lives of five years.

8. Dividends

The Company's Board of Directors regularly examines the dividends paid to shareholders. The following dividends were declared during the periods ended June 30, 2022 and December 31, 2021:

	2022		2021	
Month	**Per share ($)**	**Dividend Amount ($)**	Per share ($)	Dividend Amount ($)
January	**$ 0.025**	**$ 303**	$ -	$ -
February	**0.025**	**304**	-	-
March	**0.025**	**305**	-	-
April	**0.030**	**377**	0.020	237
May	**0.030**	**377**	0.020	238
June	**0.030**	**378**	0.020	239
July	**-**	**-**	0.020	239
August	**-**	**-**	0.025	300
September	**-**	**-**	0.025	301
October	**-**	**-**	0.025	302
November	**-**	**-**	0.025	302
December	**-**	**-**	0.025	302
Total	**$ 0.165**	**$ 2,044**	$ 0.205	$ 2,460

The above dividends were paid on or about the 15th of the month following their declaration. Of the dividends paid during the six months ended June 30, 2022, $1,678 (2021 - $424) were settled in cash and $291 (2021 - $51) were reinvested in additional common shares of the Company, pursuant to the DRIP.

Subsequent to June 30, 2022, and before these financial statements were authorized, the Company undertook the following dividend actions:

- A dividend of $0.03 per share was declared on July 15, 2022 for shareholders of record on July 29, 2022 which is payable on August 15, 2022.

9. Sales

The following is a breakdown of revenue from the sale of retail and manufactured products:

	For the three months ended		**For the six months ended**	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
Manufactured products	**$ 22,576**	$ 13,665	**$ 40,761**	$ 27,182
Retail products	**613**	529	**1,117**	957
	$ 23,189	$ 14,194	**$ 41,878**	$ 28,139

All of the retail sales occurred in Slimline.

The following is a breakdown of sales by type of product:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
Agricultural products	**$ 2,022**	$ 2,111	**$ 4,706**	$ 3,945
Cast wear-part products	**3,109**	2,206	**5,226**	4,369
Hearth products	**7,699**	5,534	**14,064**	10,467
Industrial products	**4,609**	2,853	**8,930**	5,389
Machined products	**2,525**	1,490	**5,727**	3,969
Merchandising products	**3,225**	-	**3,225**	-
	$ 23,189	$ 14,194	**$ 41,878**	$ 28,139

The following is the geographic breakdown of revenue based on the location of the customer:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
Canada	**$ 10,081**	$ 5,864	**$ 17,972**	$ 11,519
United States	**11,984**	7,438	**21,787**	14,261
Other	**1,124**	892	**2,119**	2,359
	$ 23,189	$ 14,194	**$ 41,878**	$ 28,139

10. Manufacturing Costs

Details of the items included in manufacturing costs are as follows:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
Labour and materials	**$ 13,588**	$ 7,457	**$ 24,739**	$ 15,270
Freight and shipping	**1,446**	979	**2,396**	1,569
Depreciation	**345**	356	**681**	699
Warranty charges	**54**	90	**108**	132
	$ 15,433	$ 8,882	**$ 27,924**	$ 17,670

In the first six months of 2021, the Group received $2,206 from the Canada Emergency Wage Subsidy program, Canada Emergency Rent Subsidy, and paycheck protection programs. The wage subsidy and paycheck protection program loan forgiveness amounts were recorded against the underlying wage costs and the rent subsidy amounts were recorded against the underlying occupancy costs. Of the amounts received, $1,267 was netted against the related labour costs included in the table above and $939 was netted against the applicable operating expenses as noted above.

The Group did not receive any subsidy amounts in 2022.

11. Financing Costs

Details of the items included in financing costs are as follows:

	For the three months ended		For the six months ended	
	June 30 2022	June 30 2021	**June 30 2022**	June 30 2021
Interest and bank charges	**$ 111**	$ 68	**$ 204**	$ 133
Interest on lease obligations	**43**	39	**73**	75
Interest on long-term debt	**503**	423	**835**	842
	$ 657	$ 530	**$ 1,112**	$ 1,050

12. Supplemental Cash Flow Information

The changes in non-cash operating working capital items are as follows:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
Accounts receivable	**$ (882)**	(583)	**$ (563)**	$ 133
Inventory	**(788)**	(813)	**(2,410)**	(1,398)
Prepaid expenses and deposits	**66**	195	**(27)**	149
Accounts payable and accrued liabilities	**429**	32	**84**	44
Customer deposits	**(175)**	(1,127)	**84**	328
Warranty provision	**23**	17	**33**	33
	$ (1,327)	$ (2,279)	**$ (2,799)**	$ (711)

13. Financial Instruments and Risk Management

The Group's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, dividends payable, and long-term debt. There were no changes in the classification or in the fair value measurement basis of the Group's financial instruments since December 31, 2021.

At June 30, 2022, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

Management determined that the fair value of the Group's long-term debt (note 6) was not materially different than their carrying amounts as they are based on market interest rates.

There were no changes in the Company's assessment of risks from the use of financial instruments or in the financial risk management policies of the Company since December 31, 2021.

The contractual maturities of financial instruments are as follows:

June 30, 2022	**Carrying value**	**Total contractual cash flows**	**Within one year**	**Two to five years**	**More than five years**
Accounts payable	**$ 11,421**	$ 11,421	$ 10,821	$ 600	$ -
Dividends payable	**378**	378	378	-	-
Long-term debt	**32,944**	38,091	2,033	36,058	-
Lease obligations	**3,776**	4,273	1,279	2,994	-
	$ 48,519	$ 54,163	$ 14,511	$ 39,652	$ -

Liquidity risk management involves maintaining sufficient cash or cash equivalents and availability of funding through an adequate amount of committed credit facilities. The Group's cash is held in business accounts which are available on demand for the Group's programs. The Company also attempts to maintain flexibility in funding by securing committed and available credit facilities. The Company's credit agreement with its senior lenders provides the Group access to a revolving term operating facility and a revolving term acquisition facility (note 14). The Group's ability to access the revolving term operating facility is dependent on a borrowing base which is determined quarterly and measured against the Group's accounts receivable and inventory. The Group continues to manage its financial position in accordance with its capital management objectives and in light of its current operating environment.

The following details the aging of the Company's trade accounts receivable and expected credit losses:

		June 30, 2022	
Not yet due	$	**10,448**	**80%**
31-60 days overdue		**1,685**	**13%**
61-90 days overdue		**809**	**6%**
>90 days overdue		**150**	**1%**
Trade accounts receivable		**13,092**	**100%**
Less: expected credit losses		**(39)**	
Net trade accounts receivable	$	**13,053**	

The Group's functional currency for Blaze King USA and Unicast is the US dollar ("USD"), while all other entities in the Group have a Canadian dollar functional currency ("CAD"), and the reporting currency is the Canadian dollar; therefore, the Group's earnings and total comprehensive income are in part impacted by fluctuations in the value of USD in relation to CAD.

The table below summarizes the quantitative data about the Group's exposure to currency risk:

	Entities with a CAD functional currency		Entities with a USD functional currency		
As at June 30, 2022	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ 877	$ 418	$ (24)	$ 539	**$ 1,810**
Accounts receivable	7,750	3,797	373	1,575	**13,495**
Accounts payable	(9,615)	(625)	(210)	(971)	**(11,421)**
Dividend payable	(378)	-	-	-	**(378)**
Inter-company amounts	5,191	-	(7,416)	2,225	**-**
Long-term debt	(32,944)	-	-	-	**(32,944)**
Net exposure	(29,119)	3,590	(7,277)	3,368	**(29,438)**
Effect of 5% strengthening of USD versus CAD:					
Profit (loss)	-	179	364	-	**543**
OCI	$ -	$ -	$ -	$ (168)	**$ (168)**

The Group is at times exposed to interest rate risk on its long-term debt (note 6) due to the interest rate on certain of its credit facilities being variable. Of the Group's interest-bearing debt outstanding at June 30, 2022, 37% was variable rate. The Group does not enter into derivative contracts to manage this risk. The table below summarizes the quantitative data about the Group's exposure to interest rate risk:

Interest rate risk		**June 30, 2022**
Floating instruments	**$**	**12,348**
Average balance		**6,180**
Impact on profit (loss) of a change in interest rates:		
-1%		**62**
+1%	**$**	**(62)**

14. Related Party Transactions

The Group's related parties consist of directors, officers and key management or companies associated with them. Key management, including directors and officers of the Company, are those personnel having the authority and responsibility for planning, directing, and controlling the Company.

Salaries and benefits, directors fees and share-based compensation are included in salaries, wages and benefits expense. Key management compensation for the six month period ended June 30, 2022 included $652 of salaries, benefits and directors fees (2021 - $353) and $56 of share-based compensation expense (2021 - $164).

15. Segmented Information

The Group's reporting is prepared on a consolidated basis as determined by the requirements of the Chief Executive Officer as the chief operating decision maker for the Group. The Company's reportable segments, as determined by management, sell similar product types to similar types of customers and share similar processes and distribution methods. The reportable segments are as follows:

- The finished product segment, which manufactures and sells products that are purchased and used by end customers as designed. Within the finished product segment are three separate businesses: Blaze King, Slimline and Marketing Impact.
- The component manufacturing segment, which manufactures and sells products based on specifications determined by its customers for use in its customers' processes. Within the component manufacturing segment are three separate businesses: Unicast, Hawk and Northside.
- In addition, the Canadian public company parent ("Head Office") is considered a third and separate segment, as its function is as an investment holding and management company.

The Group's reporting of segment performance for the three and six month periods ended June 30, 2022 and 2021 is as follows:

For the three months ended June 30, 2022		**Finished Product**		**Component Manufacturing**		**Head Office**		**Total**
Sales	$	13,107	$	10,082	$	-	$	**23,189**
Manufacturing costs		7,880		7,553		-		**15,433**
Gross profit		5,227		2,529		-		**7,756**
Profit (loss) before taxes		2,232		469		(1,456)		**1,245**
Income tax expense (recovery)		331		39		(9)		**361**
Profit (loss)		1,901		430		(1,447)		**884**
Total comprehensive income (loss)	$	1,954	$	413	$	(1,447)	$	**920**

For the three months ended June 30, 2021	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 7,955	$ 6,239	$ -	$ 14,194
Manufacturing costs	4,307	4,575	-	8,882
Gross profit	3,648	1,664	-	5,312
Profit (loss) before taxes	1,807	103	(1,033)	877
Income tax expense (recovery)	278	(7)	9	280
Profit (loss)	1,529	110	(1,042)	597
Total comprehensive income (loss)	$ 1,564	$ 110	$ (1,042)	$ 632

For the six months ended June 30, 2022	**Finished Product**	**Component Manufacturing**	**Head Office**	**Total**
Sales	$ 22,342	$ 19,536	$ -	$ **41,878**
Manufacturing costs	13,322	14,602	-	**27,924**
Gross profit	9,020	4,934	-	**13,954**
Profit (loss) before taxes	3,720	1,017	(2,677)	**2,060**
Income tax expense	508	67	89	**664**
Profit (loss)	3,212	950	(2,766)	**1,396**
Total comprehensive income (loss)	$ 3,227	$ 944	$ (2,766)	$ **1,405**

For the six months ended June 30, 2021	Finished Product	Component Manufacturing	Head Office	Total
Sales	$ 15,130	$ 13,009	$ -	$ 28,139
Manufacturing costs	8,179	9,491	-	17,670
Gross profit	6,951	3,518	-	10,469
Profit (loss) before taxes	3,349	105	(2,092)	1,362
Income tax expense (recovery)	496	(60)	51	487
Profit (loss)	2,853	165	(2,143)	875
Total comprehensive income (loss)	$ 2,980	$ 181	$ (2,143)	$ 1,018

The Group's reporting of segment financial condition as at June 30, 2022 and December 31, 2021 is as follows:

June 30, 2022	**Finished Product**	**Component Manufacturing**	**Head Office**	**Total**
Total current assets	$ 19,732	$ 10,739	$ 112	$ **30,583**
Total current liabilities	7,369	5,375	1,596	**14,340**
Total assets	41,785	35,896	353	**78,034**
Total liabilities	$ 12,137	$ 7,556	$ 34,719	$ **54,412**

December 31, 2021	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	$ 11,895	$ 11,196	$ 792	$ 23,883
Total current liabilities	4,872	5,360	898	11,130
Total assets	22,468	37,025	804	60,297
Total liabilities	$ 6,837	$ 7,943	$ 23,295	$ 38,075

For the six months ended June 30, 2022, the Group's largest two customers accounted for 23% of sales (2021 – two customers accounted for 23% of sales). Sales from these two customers are included in the component manufacturing segment. Other than these two customers, the Group is not dependent on any other customer for more than 10% of its sales.